



BACKGROUND

U.S. Embassy, Seoul, Korea

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Tel: 397-4637, 4630; Fax: 790-9268

APEC Finance Ministers Meeting
September 8, 2005, Jeju

Statement of U.S. Treasury Deputy Secretary Robert M. Kimmitt

I am pleased to be here and would like to thank Deputy Prime Minister Han and the people of Korea for hosting the 12th annual APEC Finance Ministers' meeting in Jeju. Asia remains the most dynamic region in the world, and what happens here is critical for the global economy. It was particularly important to me to meet, prior to the APEC meetings, with Deputy Prime Minister Han, other senior Korean officials in Seoul, as well as members of the financial community there. These followed meetings I had with economic officials in Beijing earlier this week.

Korea is an example of the results that come from sound economic policies. Korea has maintained and advanced its program of economic liberalization after the 1997 Asian crisis, and has been rewarded with healthy and sustained economic growth. Korea has established an independent monetary authority, which has built a credible inflation-targeting regime. And Korea has shown that -- even for a country heavily reliant on exports -- additional exchange rate flexibility can be absorbed without real difficulty, and flexibility is helpful in controlling inflation.

I told Deputy Prime Minister Han that I particularly appreciated his comments on Tuesday about the importance of foreign investment in fostering growth and employment and encouraging faster job growth. I also welcomed the intention to pursue financial deregulation and the decision to allow foreign financial companies to set up financial holding companies in Korea.

We in the United States share the view that an open investment regime, one that welcomes foreign capital, is extremely important in achieving sustained growth and employment. The United States strongly believes that the world economy works best with free trade, the free flow of capital, and flexible exchange rates. China took an important step in July in adopting a new exchange rate mechanism that allows for greater exchange rate flexibility and greater reflection of market forces in determining its exchange rate. As Secretary Snow has made clear, what is important now is that China, and other major economies, allow their currencies to respond to underlying market forces.

I look forward to the discussions with the APEC Finance Ministers to continue the important dialogue on these and other important issues facing our economies and the region.